Investment in Public sector bonds by Banks

*307. SHRI RAOOF VALIULLAH: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the R.B.I. stipulates that Bank Investments in the Public Sector Bonds should not exceed 1.5 per cent of their incremental deposits in the previous year;

(b) what is the amount of such bank investment at present and what was the amount of incremental deposits of the bank during the last year;

(c) whether the investments in bonds by the Banks conform to the norms insisted upon by the R.B.I. to be below 1.5 per cent of the incremental deposits; and

(d) if not, what steps are being taken to bring this investment below the level of the specified limit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (d) Reserve Bank of India (RBI) has reported that it has not stipulated that banks' investment in Public Sector Bonds should not exceed 1.5 per cent of their incremental deposits in the previous year. However, the RBI had, in November, 1986, advised all the banks that they should ensure that their shares/debentures (which are floated by private sector companies): developing on them as a part of their underwriting obligations in any particular year do not exceed 1.5 per cent of their incremental deposits of the previous year.

The incremental deposits growth of scheduled commercial banks in 1985-86 was about Rupees thirteen thousand crores.

Level of per capita income

*308. SHRI BASUDEB MOHAPATRA: Will the PRIME MINISTER be pleased to state:

(a) what was the rate of per capita investment and the rate of increase of per capita income in Orissa, West Bengal, Assam and Bihar during the Sixth Five Year Plan period;

(b) whether it was below national level; if so, to what extent; and

(c) what steps are being taken to increase the per capita investment and per capita income of these States during the Seventh Five Year Plan?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI SUKH RAM): (a) and (b) Per capita Plan expenditure (both under the State and the Central Plans taken together) during the Sixth Plan period in Orissa, West Bengal, Assam and Bihar was about Rs. 1616.9, Rs. 1040.7, Rs. 1659.0 and Rs. 974.3 respectively, the average for all States being Rs. 1339.6. The percentage increase of per capita income in Orissa, West Bengal, Assam and Bihar during the Sixth Five Year Plan was 19.6, 13.8, 14.7 and 20.9 respectively, as against the national average of 16.5.

(c) Per capita income of West Bengal has been higher than the national average.

Orissa and Bihar are the States whose per capita income is below the national average. These States, therefore, get higher normal Central Assistance under the Modified Gadgil Formula due to its being weighted in favour of such States.

Assam's per capita income has also been lower than the national average. It is one of the Special Category States for whom the normal Central Assistance is pre-empted according to the assessment of their requirements under the modified Gadgil formula, and its Plan is almost entirely funded by the Central Government.

The percentage increase in the Seventh Plan outlay over the Sixth Plan expenditure in the case of these four States is much higher than the average increase for "All States".